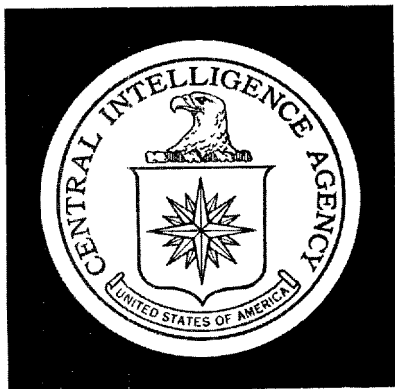


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

State Department review completed

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10 March 1967  
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(Information as of noon EST, 9 March 1967)

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ESRO TO ORBIT FIRST SATELLITE NEXT MONTH

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Middle East - Africa

THE WEEK IN PERSPECTIVE

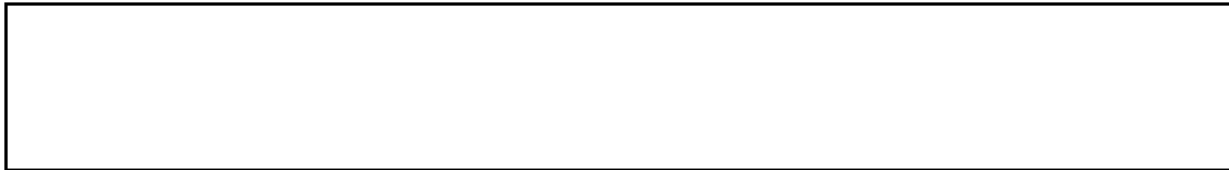
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MANEUVERING TO FORM NEW GOVERNMENTS IN INDIA

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Opponents of the Congress Party will be in power in several important states. At the national level, Mrs. Gandhi is gathering support in her bid to remain prime minister.

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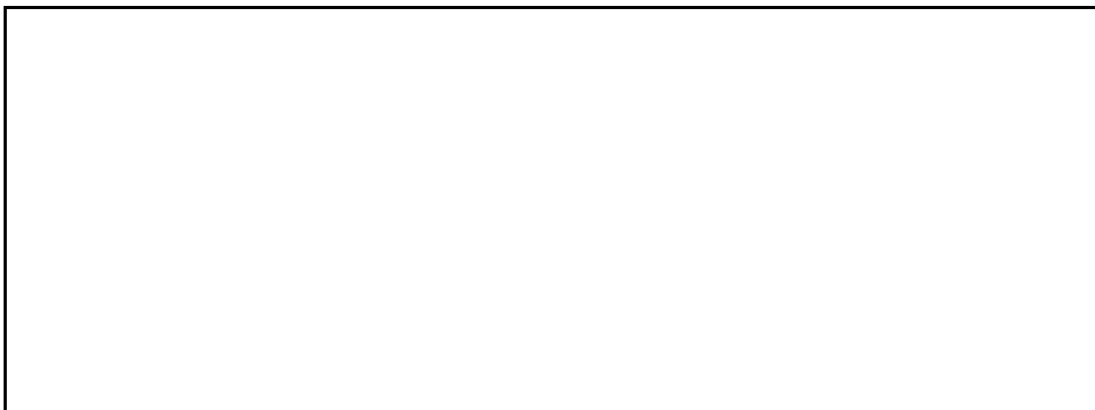


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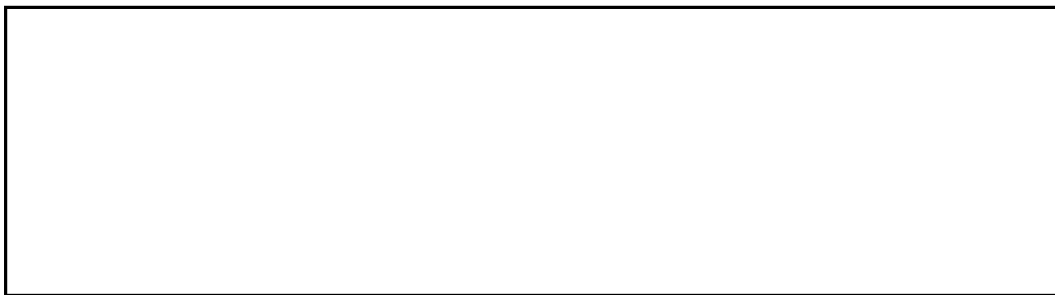
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NEW BRAZILIAN GOVERNMENT

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Under President Costa e Silva, who takes office on 15 March, Brazilian foreign policy is likely to become more nationalistic and independent, and domestic austerities may be relaxed.

SANCHEZ WINS SALVADORAN PRESIDENCY

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Colonel Fidel Sanchez, who represents the more progressive wing of the governing National Conciliation Party, will probably continue the social welfare policies of incumbent President Rivera, receive the same cooperation from businessmen and the opposition parties, and, like Rivera, be friendly toward the US.

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## FAR EAST

Both Hanoi and Saigon are engaged in new political maneuvers designed to influence US policy and strengthen their respective positions in the current international debate on terms for negotiations to end the Vietnam war. Hanoi attempted to fuel its campaign to force a cessation of US bombing by dispatching a delegation to meet with U Thant in Rangoon. Although the North Vietnamese apparently offered no new proposals, this gesture of implicit support for the UN secretary general's three-point plan for moving the conflict toward negotiations (beginning with a cessation of bombing) probably was intended to encourage him to continue his mediatory efforts.

The Saigon government's concern over growing sentiment in South Vietnam for a negotiated settlement and over the international debate on a formula for breaking the diplomatic stalemate underlies a series of regime-sponsored demonstrations denouncing a "false peace" and "irresponsible pacifists."

On the military front, Communist forces intensified mortar attacks against US forces and bases in South Vietnam, particularly US artillery positions below the Demilitarized Zone which are firing on North Vietnamese troop concentrations and base areas in the DMZ and southern North Vietnam. Increasing Viet Cong concern over the potential effectiveness of Saigon's Revolutionary Development Program is evident in reported Communist plans to wage terrorism against RD workers and to mount large-scale attacks on RD teams.

Peking continues to retreat from the excesses of the Cultural Revolution, with the army taking the lead in key areas of political and civil affairs. Mass "rebel" organizations are being dismantled and the Red Guards are being dealt with by reopening secondary schools and by combining rival university Red Guard units into a new "great alliance."

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## VIETNAM

North Vietnamese Army (NVA) units are intensifying pressure against US Marines conducting Operation PRAIRIE near the Demilitarized Zone (DMZ) in South Vietnam's northernmost province, Quang Tri. The upsurge may reflect Hanoi's sensitivity to the recent positioning of long-range US 175-mm. cannons at Gio Linh and Camp Carroll, two and eight miles south of the formerly neutral buffer zone. More than 1,500 rounds of mortar fire have been directed at these positions during the past ten days in an unsuccessful effort to neutralize the heavy artillery.

The marines have reported a series of heavy contacts in this area since 1 March in which they have lost 89 killed and 289 wounded, versus 500 enemy dead. Several of these engagements were with battalion-sized or larger elements of the NVA 324 "B" Division.

There have been tenuous indications in the past several weeks that additional NVA units have infiltrated or may be preparing to infiltrate into South Vietnam via the DMZ.

Concurrent with intensified NVA resistance to action by US Marines near the DMZ, the enemy threat to the Khe Sanh Special Forces camp near the Laotian border in western Quang Tri has substantially increased. The

camp has been repeatedly reconnoitered and, on 3 March, its forward airstrip was bombarded in two heavy mortar attacks. Since elements of the 900-man US-advised paramilitary garrison at Khe Sanh regularly monitor NVA infiltration activities into Quang Tri Province from both Laos and the DMZ, it is possible that the recent harassment reflects a Communist attempt to cover extensive infiltration operations.

The 20-battalion sweep operation JUNCTION CITY into the Communist War Zone "C" redoubt is in its third week. Physical damage to both enemy installations and forces has been considerable but not spectacular, with Communist losses at 445 killed and 155 weapons captured thus far. Several hundred pounds of captured enemy documents may prove of high intelligence value, as did the many taken in the "Iron Triangle" by Operation CEDAR FALLS earlier this year.

### Presidential Politics in Saigon

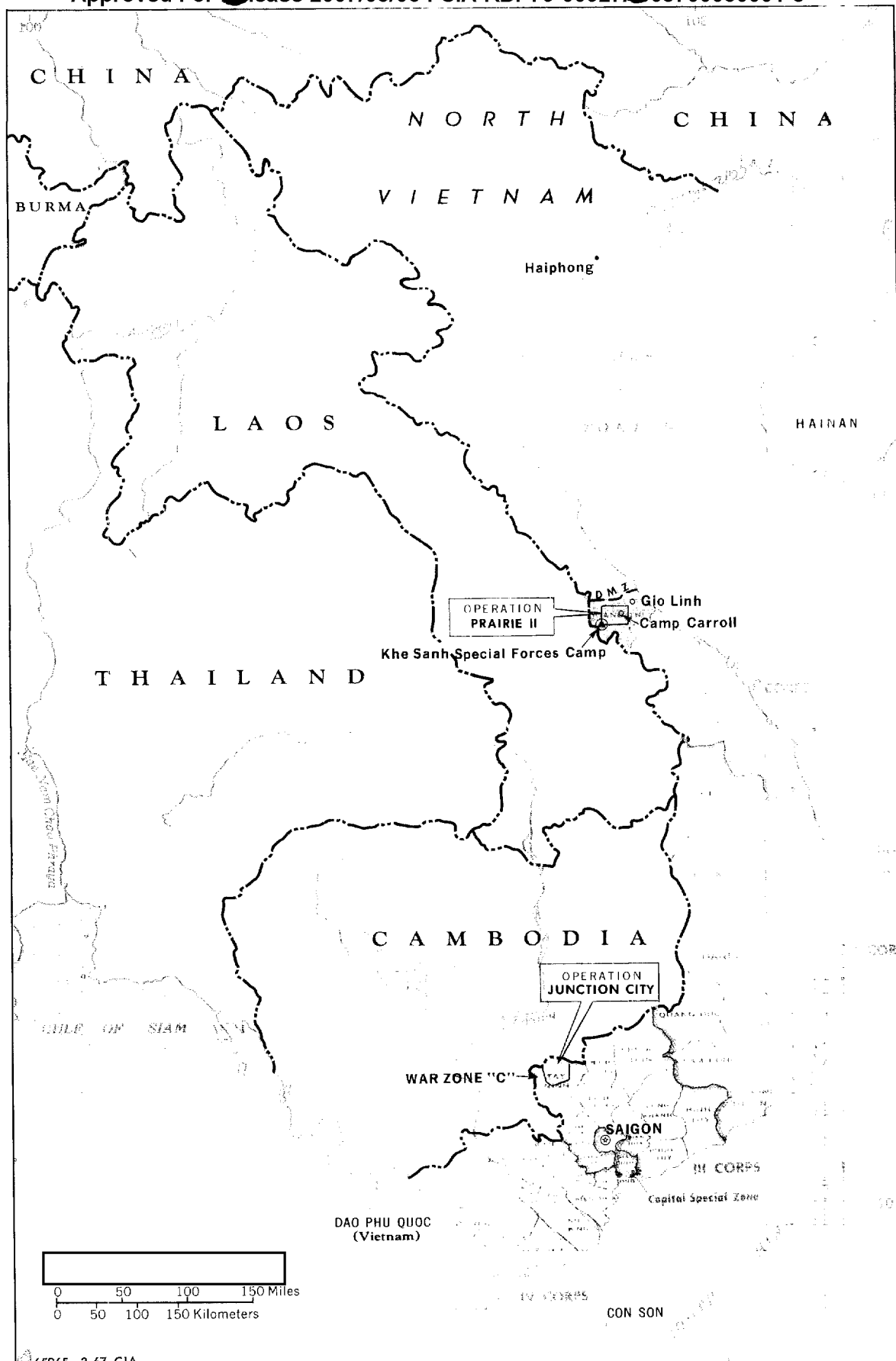
The recent tendency of South Vietnam's Constituent Assembly to avoid diluting the executive power of the future president may lead to increasing competition between Chief of State Thieu and Premier Ky, the potential military candidates for the office.

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Last week, for example, the assembly voted to establish a military advisory council as a special institution of the future government. However, assemblymen clearly indicated their desire to limit the council's influence to routine military matters such as personnel promotions and transfers. They left to the future legislature the decision as to who would chair the council, as well as how it would be organized and regulated.

It is by no means clear whether this has satisfied Chief of State Thieu, who earlier had formally requested the assembly to provide for such a council to give the military a legal and important voice in an elected government. The council chairmanship might also provide a prominent position for Thieu himself if he is not the head of that government.

If Thieu decides that the military advisory council has little chance of becoming the strong vehicle he envisages, he may well make a determined effort to become the military's presidential nominee. Such an effort would lead him into a direct confrontation with Premier Ky, who already appears similarly determined, and this could spell the end of the effective working relationship which has existed between them for nearly two years. This could pose a severe strain on over-all military unity--the

key element in the government's stability during this period.

#### Hanoi's Economic Problems

North Vietnam's most authoritative economic spokesman--Vice Premier Pham Hung--recently admitted in a speech to a national planning conference that US bombings had resulted in production and distribution problems throughout 1966. He implied that continuing shortfalls in meeting the needs of the people would affect the country's war effort, and singled out agriculture and transportation as problem areas. He also admitted for the first time, that the regime had abandoned its industrialization plans as long as the war lasts.

The 1966 grain harvest was probably the worst in recent years; food imports scheduled for the first quarter of 1967 are almost equal to those in all of 1966. Pham Hung told local officials that peasants must be given more material incentives and more say in the allocation of grain. The policy he advocated would enable the peasants to keep some grain which formerly went to the state. Hung's only recommendations for offsetting continuing manpower shortages in agriculture were to improve agricultural techniques and to concentrate on the development of local industry in order to support civil needs, especially, those of agriculture.

In the transport field, the vice premier strongly implied

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that supplying Communist units in South Vietnam would continue to claim large shares of investment resources and manpower in 1967. Last year, funds allotted to this effort were raised one third over 1965, and since the bombings began, North Vietnam has organized labor crews estimated to number more than 100,000 full-time (and perhaps twice as many part-time) workers for bomb damage repair and road improvements in the southern half of the country, as well as an additional 100,000 to operate the repair system. Another 20,000 are believed to be similarly employed on the infiltration routes in Laos. Some 30,000 Chinese logistics troops are stationed in the northern part of the DRV to maintain and improve lines of communication into China.

#### DRV Air Defense Improvements

Reports received during the past week provide additional evidence that North Vietnam is continuing to improve and ex-

pand its air defense system. The most recent discoveries include photography of a new surface-to-air missile (SAM) support and assembly area 12 miles west of Haiphong.

These developments appear to be part of a program of upgrading air defenses which probably began last November.

Twenty-three new missile sites have been detected since November and an additional five SAM firing units have been added to the SA-2 order of battle. The number of AAA guns has risen to approximately 6,500.

This concerted effort to enlarge and improve North Vietnam's air defenses has so far not affected the scope of US air operations. Indeed, the over-all US aircraft loss rate has declined during the past three months. [REDACTED]

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## NEW MOVES TO RESTORE ORDER IN COMMUNIST CHINA

Peking continues efforts to restore order throughout China. Recent moves include steps to extend the army's influence over civil affairs, to reinstate a few second-level officials in Peking, and to discipline the Red Guards and disband their organizations.

The army, which took control of civil aviation last month, was ordered by the party's Military Affairs Committee in a directive of 23 February to take charge of spring planting in some areas. There are also reports that the army has taken control of food stocks. In Peking and a few other cities, it has assumed control of the Public Security Bureau.

In line with a recent Red Flag editorial urging that errant party cadres be "saved," several lesser figures who had been mildly criticized have been rehabilitated. According to posters, Tang Ping-chu and Mu Hsin, abruptly dismissed as editors of the People's Daily and Kwangming Daily on 18 January for undefined "bourgeois" mistakes, were cleared by Chen Po-ta, a leading Cultural Revolution official, on 27 February. Wu Te, a Peking municipal official attacked from time to time, is also back in good standing according to a 2 March broadcast which, in a rare official

listing of middle-level party leaders, identified him as a member of the city's leadership. This confirms poster reports that Madame Mao had defended Wu on 20 January and ordered Red Guards to let him return to work. Chang Shu-chih, Honan Military District commander whom Premier Chou En-lai defended last month against Red Guard attacks, was confirmed in his post by a 6 March broadcast in which Chang supported army participation in spring planting.

Several top provincial leaders also may ultimately retain their authority. The number is unclear, but there are signs that a few provincial first secretaries--including those in Tibet and Sinkiang who have attacked Red Guard organizations since last fall--may remain in their posts.

Reports from Peking and other major cities indicate that Red Guard organizations are being merged and reorganized, probably to convert them into conventional mass organizations tightly controlled by the regime. Most of the youths have been sent back to their high schools, which were to reopen on 1 March. A 6 March People's Daily editorial stated that the schools would emphasize the study of Mao's works and other

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Cultural Revolution documents but directed students to spend "the necessary time" on academic subjects. It also reaffirmed Mao's earlier demands that "the period of schooling must be

shortened, education must be revolutionized, and the domination of our schools by bourgeois intellectuals must not be allowed to continue." [REDACTED]

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## LAOTIAN PRIME MINISTER SEEKS CABINET SHIFTS

Laotian Prime Minister Souvanna Phouma's plans for reorganizing his cabinet, although stymied for the moment, underscore the increasingly rightist outlook of his government.

The US Embassy in Vientiane understands that Souvanna hopes to give the foreign affairs portfolio to the ambassador to Moscow, Khampan Panya, a rightist. Under the Geneva agreement of 1962 this post is supposed to be held by a neutralist. Souvanna would then replace Khampan in Moscow with Minister of Interior Pheng Phongsavan, thereby removing the last neutralist of stature from Vientiane.

Souvanna had planned to begin the reorganization by replacing Deputy Prime Minister Leuam Insiesingmay, who increasingly obstructs his policies. Leuam, however, is the protégé of Prince Boum Oum the powerful political leader of South Laos. In a dis-

cussion with Souvanna on 6 March, Boum Oum reportedly stood fast against replacing Leuam, thereby preventing any immediate adjustments in the cabinet.

The prime minister also hopes in the long run to cut the neutralists' influence by eventually submerging them in a nationalist party dominated by the rightists. In Souvanna's view, the perpetuation of two political parties vitiates the non-Communists' strength.

Souvanna continues to preserve some elements of the tripartite facade agreed to five years ago by refusing to reassign cabinet portfolios abandoned by the Communists. A major Communist political response to the proposed cabinet changes is unlikely since they recognize they can bring little influence to bear upon the prime minister.

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## SOUTH KOREAN PRIME MINISTER TO VISIT WASHINGTON

The South Korean Government intends to play up Prime Minister Chong Il-kwon's visit to Washington on 14 and 15 March as a US endorsement of President Pak Chong-hui's administration and to exploit it in the national election campaign this spring.

Government leaders see the visit as an opportunity to gain new military and financial aid that will undercut domestic criticism of the regime's Vietnam policy. They hope Chong's talks will also help satisfy public feeling that the nation's heavy contribution to the Vietnam struggle entitles Seoul to special consideration of its views on Vietnam. South Koreans generally approve the deployment of troops to Vietnam but the regime's critics have argued that the number (45,000) is excessive in view of South Korea's own defense needs. The government, on the other hand, would like to increase the number of both civilian and military personnel in Vietnam in order to earn additional foreign exchange to help support its second five-year economic development plan now in its first year.

Among his specific aims, Chong is anxious that the US agree to underwrite Korean participation in a broad civil rehabilitation program for Vietnam. In addition Seoul wants more modern equipment for its armed forces, including automatic rifles and helicopters for those units fighting in Vietnam, and a promise of two additional destroyers to offset public concern generated by the recent sinking of a South Korean patrol craft by North Korean shore batteries. Chong would also like to get specific US loan commitments to the government's economic development program.

The regime is confident of Pak's re-election late this spring despite the merger of the two major opposition parties to support a common candidate. It is less sanguine that it can hold on to its present 112 seats in the 175-member National Assembly. The leaders of the regime see in the Prime Minister's visit an opportunity to increase Pak's margin of victory and presumably thus improve the election prospects of its individual assembly candidates.

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## EUROPE

Premier Kosygin's letter regarding US-Soviet missile-curtailment talks--disclosed last week by President Johnson--has not yet been reported to Soviet domestic audiences, nor has the subject been mentioned by Soviet leaders in their current election speeches. Moscow is clearly playing this issue close to the vest.

Poland, East Germany, and Czechoslovakia are putting together an anti - West German entente within the Warsaw Pact. The Czech-Polish mutual assistance treaty, clearly directed against West Germany, was renewed last week, and East German party boss Ulbricht is to go to Warsaw soon to conclude a similar alliance with Poland. Prague announced late last week that it, too, will conclude a treaty with East Germany.

Two issues--the nonproliferation treaty and offset costs--which have agitated US relations with Western Europe in recent months appear to have cooled somewhat in the past week. Several of the allies retain serious reservations about the treaty, but their sharper criticism has now subsided.

Presidential adviser McCloy's recent visits to London and Bonn have raised hopes that ways may be found to deal with the foreign exchange costs of the US and British forces in West Germany without major troop withdrawals. New approaches to the problem are under way.

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## SOVIETS ORBIT SECOND SUCCESSFUL WEATHER SATELLITE

The USSR's second successful weather satellite, Cosmos 144, was launched from Plesetsk on 28 February [REDACTED]

[REDACTED] Two days

later, the USSR started sending some [REDACTED] pictures and data to the US in partial fulfillment of a 1962 bilateral agreement to exchange weather information.

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The data is not being forwarded until more than six hours after acquisition, however, and this diminishes its value for world-wide weather forecasting. The interval between the launch of Cosmos 144 and the passage of data to the US was far shorter than the two months that elapsed before the first data was sent from Cosmos 122 which was launched last June. The Soviets' willingness to provide this data so soon after Cosmos 144 was launched suggests increased confidence in this satellite system.

Cosmos 144 is the sixth Soviet weather satellite since mid-1964. The first four did not perform satisfactorily. Cosmos 122 transmitted useful weather data until late October, when it failed.

The system being tested, including the pictures transmitted, is comparable to the US Nimbus experimental meteorological satellite.

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## ESRO TO ORBIT FIRST SATELLITE NEXT MONTH

The first launching of a satellite built by the European Space Research Organization (ESRO), originally scheduled for mid-March, has been postponed until next month. The occasion will mark an important step in the European space research effort. The small vehicle will contain instruments to investigate solar astronomy and cosmic rays. It will be launched from the Western Test Range in California by a US Scout space booster.

ESRO, with headquarters in Paris, was founded three years ago by ten nations of Western Europe to conduct a cooperative program of basic space research. It has had financial and organizational difficulties, and its space launchings thus far have been restricted to sounding rockets. Over the next few years, ESRO plans a modest schedule for scientific satellites, to be launched both by US space boosters and by a new European-built

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launch vehicle now being developed.

Looking to the future, ESRO envisions such complex and ambitious projects as astronomical satellites and lunar probes. Moreover, ESRO has undertaken a study of European communications satellite technology. It has the technology and facilities to play a leading role if the Europeans decide to develop their

own regional communications satellite system. There are no indications that the countries of Western Europe propose to challenge INTELSAT in global communications, but a program to develop a small regional system--still a concept at this stage--could help put ESRO on the firm financial footing which it needs for its program of scientific space research.

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## MIDDLE EAST - AFRICA

In the Arab world, the relative calm in Jordan that resulted when the Palestinians reverted to grumbling rather than rioting permitted King Husayn to dismiss his controversial prime minister and prepare for elections in April, but his choice of a colorless caretaker is described by Jordanians as a "massive leap sideways." Husayn's ally, King Faysal of Saudi Arabia, is having his troubles with Nasir in Yemen, and this confrontation is developing a dangerous twist as the Saudis increase their defensive air capability.

Politics in Greece continue to be stormy and will probably worsen as the campaign for the May elections gets under way.

The Congress Party in India is still trying to salvage what it can from the beating the party suffered in the eight state elections, and Mrs. Gandhi will probably retain her job as prime minister.

Intelligence interest in Africa is focusing increasingly on the fragmentation in Nigeria and the upcoming referendum in French Somaliland. Another meeting of top Nigerian leaders was scheduled for 9-10 March to discuss greater regional autonomy, but it seemed unlikely that Eastern military Governor Ojukwu would attend. Eastern secession still remains a possibility. War in the Horn of Africa between Ethiopia and the Somali Republic over control of French Somaliland--with its key port of Djibouti--is the specter raised by a possible French defeat in the 19 March referendum on that territory's independence. In Sierra Leone violence is increasing in the campaign for the 17 March general elections because of the governing party's tactics to restrict the opposition's campaigning.

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## MANEUVERING TO FORM NEW GOVERNMENTS IN INDIA

Maneuvering is under way in India to form a new national and new state governments following last month's elections.

Congress Party leaders and members of Parliament have been congregating in New Delhi, where they will choose a prime minister on 12 March. Mrs. Gandhi is gathering support for her bid to keep the office. In addition to retaining the backing of Home Minister Chavan and at least three state chief ministers, she reportedly has now received pledges of support from several senior party leaders who had earlier been opposed to keeping her on. However, party president Kamaraj has not yet made his preference known. Neither has former finance minister Morarji Desai revealed his intentions, but his supporters still believe he will make a strong bid for the prime ministership.

New anti-Congress governments are being formed in at least five of the eight states where Congress failed to win a majority. A regionalist party in the southern state of Madras will form a new government shortly. In neighboring Kerala, E. M. S.

Namboodirpad--the Peking-oriented Communist (CPI/L) who led a seven-party electoral front to a landslide victory over the local Congress Party--has been sworn in as that state's new chief minister. The CPI/L is also the largest element in the government headed by a rebel Congress leader in strategic West Bengal, in northeast India. The northeastern coastal state of Orissa will have a conservative Swantantra-led coalition government and drought-stricken Bihar will be governed by a coalition dominated by rebel Congressmen.

In the three states where Congress emerged as the largest party but failed to win a majority, Congress attempts to form governments are competing with strong efforts by the opposition parties to form their own coalitions. In one case--Rajasthan--this rivalry has led to three days of violence. Regardless of the outcome, these states are likely to have unstable governments which may lead eventually to direct rule from New Delhi--at least until new elections can be held.

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## PRESSURES BUILDING UP IN NIGERIA

The verbal battle between Nigerian Supreme Commander Gowon and Eastern military Governor Ojukwu has recently accelerated, amid hints of impending military action.

Late last month Ojukwu gave Gowon a deadline of 31 March to implement the decisions Nigeria's top leaders reached last January giving the four regions greater autonomy. Otherwise, Ojukwu said he would implement them unilaterally in the East. Gowon responded by asking foreign governments represented in Lagos for assurances that they would support the federal government and not recognize the East should it secede. Ojukwu promptly let loose a new polemic attacking Gowon personally and specifically underscoring the fact that the East has never recognized Gowon's assumption of national power last August.

In his meeting with the diplomats, Gowon also referred to the possibility of "police action" against the East.

Ojukwu, for his part, has asserted that, if force is attempted, the East will respond

in kind.

Ojukwu, despite his tough talk, probably is still open to serious negotiations.

A new meeting of the top level Supreme Military Council (SMC) was set for 9-10 March in Benin City, capital of the Mid-western Region, to consider a draft constitutional decree which has been under discussion since January. Although the latest version apparently goes a considerable way toward meeting Ojukwu's demands, he reportedly has rejected it and seemed unlikely to attend the meeting. Gowon has said that this time the other leaders would proceed without Ojukwu.

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## WESTERN HEMISPHERE

Latin American governments evinced a growing preoccupation last week with matters concerning the 12-14 April summit meeting. This interest will be intensified when a group of inter-American presidential representatives meets in Montevideo on 13 March to work out details of the presidents' meeting.

As of 9 March, six chief executives had expressed various degrees of reluctance to attend the summit. No change had been reported for Duvalier's plans to remain in Haiti ostensibly in the celebration of his 60th birthday, or in Barrientos' refusal to attend unless Bolivian access to the sea is included on the agenda. Dominican President Balaguer apparently continues determined to wait until the last minute to see if his domestic situation will permit him to attend.

No further clarification has emerged as to whether Ecuador's Arosemena or Peru's Belaunde will show up at Punta del Este. Both have pressing domestic problems which may affect their decisions.

The lame duck Rivera administration in El Salvador--President-elect Sanchez is to take over on 1 July--announced during the week that Rivera would not attend the summit unless the International Coffee Agreement could be renegotiated to increase his country's export quota. As in other cases, however, this probably is largely an attempt to mask a genuine internal reason for not planning to go: Rivera's advisers believe that Vice President Lima should not be trusted to act as chief executive during a presidential absence.

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## NEW BRAZILIAN GOVERNMENT

Arthur de Costa e Silva, a retired army marshal and former war minister, will succeed Humberto Castello Branco as president of Brazil on 15 March. A new constitution, which takes effect the same day, incorporates many of the special powers exercised by Castello Branco, giving the new chief executive extensive authority.

Costa e Silva appears to be charting a governmental course that will differ radically in style, and perhaps even in some matters of substance, from that of his predecessor. Some members of the incoming cabinet are openly critical of Castello Branco and may try to play up their political differences with him even though they are adhering to his basic policies. Most of the appointees are competent, basically conservative individuals; only a few are purely political appointments. The military will still have a strong voice in government, since six of the 14 civilian ministries will go to active or retired military men.

Ambassador Tuthill points out that there may well be some surprises--and not always happy ones--for the US. Brazil will undoubtedly retain its strongly pro-Western orientation, but a policy considerably more nationalistic and less closely tied to the US has already been hinted at by the politically ambitious for-

eign minister - designate Magalhaes Pinto. Foreign capital will still be welcome, but only so long as it contributes to Brazilian interests.

The new government's broad domestic policies will probably be much like those of the Castello Branco administration. However, production and economic growth, rather than austerity, will be emphasized as the means to achieve financial stability. Although efforts will be made to restrain inflation--which increased by 41 percent in 1966--restrictive credit and wage policies may be relaxed.

Castello Branco has been making a determined effort to clear obstacles from the path of his successor by institutionalizing the principles of his administration, by making an impressive attempt to alleviate the chaotic economic conditions inherited from previous governments, and by removing the political rights of numerous subversives, particularly Communists. Serious problems remain, however, and Costa e Silva's leadership will be severely tested. He will face pressure from the military--his real power base--to continue the strict reform policies of the "revolution" and demands from opposition, student, and labor groups for significant economic and political liberalizations.

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## SANCHEZ WINS SALVADORAN PRESIDENCY

Nearly complete results from El Salvador's election on 5 March indicate that the governing National Conciliation Party (PCN) candidate, Colonel Fidel Sanchez, has obtained the popular majority required for election to the presidency. The other three candidates have, in effect, conceded.

On the basis of returns from all but the capital and its suburbs, the US Embassy estimates that the final figures will be 255,000 (55 percent) for the PCN, 98,000 (21 percent) for the Christian Democratic Party, 61,000 (14 percent) for the Communist-backed Renovating Action Party, and 47,000 (10 percent) for the extreme right-wing Salvadoran Popular Party.

Approximately 461,000 voters-- 37 percent of those registered-- participated in the elections. Although the turnout was slightly higher than in the two recent

legislative elections, it was an obvious disappointment to the Salvadoran Government. Voter apathy, particularly among the illiterates who make up about half of the population, remains a retarding factor in El Salvador's democratic development.

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